

Board of Accountancy Regulations

CHAPTER 20

BOARD OF ACCOUNTANCY REGULATIONS

PART I.

GENERAL.

18 VAC 5-20-10. Definitions.

The following words and terms, when used in this chapter have the following meanings, unless the context clearly indicates otherwise:

"Accredited institution" means any degree-granting college or university accredited at the time of the applicant's degree or attendance by any of the following: Middle States Association of Colleges and Schools; New England Association of Schools and Colleges; North Central Association of Colleges and Schools; Northwest Association of Schools and Colleges; Southern Association of Colleges and Schools; and Western Association of Schools and Colleges.

~~*"Anniversary date"* means September 30 of each even-numbered year.~~

~~*"Assurance"* means any act or action, whether written or oral, expressing an opinion or conclusion about the reliability of a financial statement or about its conformity with any financial accounting principles or standards. [Code definition.]~~

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1 ~~*"Audit"* means expressing an opinion about the fairness of presentation of financial statements~~
2 ~~in accordance with prescribed criteria.~~

3
4 ~~*"Board"* means the Board of Accountancy.~~

5
6 ~~*"Certification"* means the issuance of a certificate to a person who has met all the~~
7 ~~requirements of Part II of this chapter.~~

8
9 ~~*"Certify," "audit," "examine," "review," or "render express or disclaim an opinion,"*~~
10 ~~when referenced to financial information or the practice of public accountancy, are terms which, when~~
11 ~~used in connection with the issuance of reports, state or imply assurance of conformity with generally~~
12 ~~accepted accounting principles, generally accepted auditing standards, and review standards. The terms~~
13 ~~include forms of language disclaiming an opinion concerning the reliability of the financial information~~
14 ~~referred to or relating to the expertise of the issuer.~~

15
16 ~~*"Client"* means a person or entity that contracts with or retains a firm for performance of~~
17 ~~accounting services by a CPA certificate holder or registration certificate holder subject to Chapter 20~~
18 ~~(§ 54.1-2000 et seq.) of Title 54.1 of the Code of Virginia and this chapter.~~

19
20 ~~*"Commission"* means compensation generated from the purchase or sale of a product or~~
21 ~~service and which would not be generated but for the purchase or sale of the product or service. [Code~~
22 ~~definition.]~~

23
24 ~~*"Contact hour"* means 50 minutes of participation in a group program or 50 minutes of~~

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average completion time in a self-study program.

"Contingent fee" means a fee established for the performance of a service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is obtained, or in which the amount of the fee is dependent upon the finding or result obtained. Fees shall not be considered contingent if fixed by courts or other public authorities, or in tax matters if determined based on the results of judicial proceedings or the findings of governmental agencies. A CPA certificate holder's fees may vary depending on the complexity of services rendered, and such variation shall not be considered a contingent fee. [Code definition.]

"Continuing Professional Education (CPE)" means an integral part of the lifelong learning required to provide competent service to the public; the formal set of activities that enables accounting professionals to maintain and increase their professional competence.

"CPA certificate" means a certificate as a certified public accountant ("CPA") issued by the board pursuant to Chapter 20 (§ 54.1-2000 et seq.) of Title 54.1 of the Code of Virginia and this chapter, which shall function as a license, or a corresponding certificate as a certified public accountant issued after meeting examination and other requirements under the laws of any other state.

"Credit hour" means successful completion of a course of study measured in a contact hour.

"Examination" means, when used in the context of services provided by CPAs, expressing an opinion about the fairness of presentation of financial information in accordance with prescribed criteria.

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1 "Financial statement" means writing or other presentation, including accompanying notes,
2 which presents, in whole or in part, historical or prospective financial position, results of operations or
3 changes in financial position of any person, corporation, partnership or other entity. [Code definition.]
4

5 "Firm" means a sole proprietorship, partnership, professional corporation, professional limited
6 liability company, limited liability partnership, or any permissible combination practicing public
7 accountancy in Virginia other form of organization permitted by law. [Code definition.]
8

9 "Good character" means a lack of a history of dishonest or felonious acts.
10

11 "Group program" means an educational process designed to permit a participant to learn a
12 given subject through interaction with an instructor and other participants.
13

14 "Holding out" means any representation that a regulant is a certified public accountant, made in
15 connection with an offer to practice public accounting. Any such representation is presumed to invite
16 the public to rely upon the professional skills implied by the title "certified public accountant" in
17 connection with the services offered to be performed by the regulant. For the purposes of this
18 definition, a representation shall be deemed to include any oral or written communication conveying that
19 the regulant is a certified public accountant, including without limitation the use of titles on letterheads,
20 professional cards, office doors, advertisements and listings; but, it does not include the display of the
21 original (but not a copy) of a currently valid certificate. A person who holds a valid certificate granted
22 to him by the board may refer to himself as a certified public accountant or CPA but is not empowered
23 to practice public accountancy until he obtains a valid license to do so.
24

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~~"Individual firm name" means a name different from the name in which the individual's license is issued.~~

~~"Interactive self-study program" means a program designed to use interactive learning methodologies that simulate a classroom learning process by employing software, other courseware, or administrative systems that provide significant ongoing, interactive feedback to the learner regarding his learning process. Evidence of satisfactory completion of each program segment by the learner is often built into such programs. These programs clearly define lesson objectives and manage the student through the learning process by requiring frequent student response to questions that test for understanding of the material presented, providing evaluative feedback to incorrectly answered questions, and providing reinforcement feedback to correctly answered questions. Capabilities are used that, based on student response, provide appropriate ongoing feedback to the student regarding his learning progress through the program.~~

~~"Jurisdiction" means another state, territory, the District of Columbia, Puerto Rico, the U.S. Virgin Islands or Guam.~~

~~"License" means a license to practice public accounting issued under the provisions of Chapter 20 (§ 54.1-2000 et seq.) of Title 54.1 of the Code of Virginia.~~

~~"Manager" means a person who is a licensed certified public accountant designated by the members of a limited liability company to manage the professional limited liability company as provided in the articles of organization or an operating agreement.~~

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~~"Member" means a person who is a licensed certified public accountant that owns an interest in a professional limited liability company.~~

~~"Noninteractive self-study program" means any self-study program that does not meet the criteria for interactive self-study programs.~~

~~"Original CPA certificate" means a CPA certificate issued by the board other than a CPA certificate by endorsement.~~

~~"Peer review" means a study, appraisal, or review, by a CPA certificate holder who is not affiliated with the firm being reviewed, of one or more aspects of the professional work of a firm that engages in the practice of public accounting or compiles financial statements in accordance with the American Institute of Certified Public Accountants' Statements on Standards for Accounting and Review Services (SSARS). [Code definition.]~~

~~"Performance of accounting services" means the performance of services by a regulant requiring the use of accounting and auditing skills, and includes the issuance of reports or financial statements, the preparation of tax returns, the furnishing of advice on accounting, auditing or tax matters, or the performance of operational or compliance audits.~~

~~"Practice of public accountancy" or "public accounting" means the giving of an assurance, in a report or otherwise, whether expressly or implicitly, unless this assurance is given by an employee to his employer. [Code definition.]~~

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"Practice of taxation" means the providing of tax compliance and tax advice services.

~~*"Principal"* means a certified public accountant who is the sole proprietor of, or a partner, shareholder or a member in, a firm.~~

~~*"Professional corporation"* means a firm organized in accordance with Chapter 7 (§ 13.1-542 et seq.) of Title 13.1 of the Code of Virginia.~~

~~*"Professional limited liability company"* means a firm organized in accordance with Chapter 13 (§ 13.1-1100 et seq.) of Title 13.1 of the Code of Virginia.~~

~~*"Professional services and engagements"* means the association between a client and a firm wherein the firm performs, or offers to perform, accounting services for the client.~~

~~*"Professional staff"* means employees of a firm who make decisions and exercise judgment in their performance of accounting services, but excludes employees performing routine bookkeeping or clerical functions.~~

"Registration" means the process through which a firm obtains a registration certificate from the board. [Code definition.]

"Registration certificate" means a certificate issued to a firm that has met all of the requirements for registration under this chapter. [Code definition.]

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1 *"Regulant"* means any ~~Virginia CPA certificate holder, licensee, professional corporation,~~
2 ~~professional limited liability company or firm or registration certificate holder who is subject to Chapter~~
3 ~~20 (§ 54.1-200 et seq.) of Title 54.1 of the Code of Virginia and this chapter.~~

4
5 *"Report" or "reports"* when used with reference to financial statements, means an opinion or
6 ~~disclaimer of opinion or other form of language or representation which states or implies any form of~~
7 ~~assurance or denial of assurance. [Code definition.]~~

8
9 *"Reporting cycle"* means the ~~current and two preceding reporting calendar years when meeting~~
10 ~~the requirements of three calendar years immediately preceding the year the CPA certificate is renewed~~
11 ~~pursuant to 18 VAC 5-20-450 18 VAC 5-20-451.~~

12
13 *"Reporting year"* means for the purposes of this chapter a calendar year.

14
15 *"Self-study program"* means an educational process designed to permit a participant to learn a
16 given subject without major involvement of an instructor. Self-study programs do not include informal
17 learning.

18
19 *"SSARS"* means ~~Statements on Standards for Accounting and Review Services established by~~
20 ~~the American Institute of Certified Public Accountants. [Code definition.]~~

21
22 *"Standards of conduct"* means the standards set forth in 18 VAC 5-20-441.

23
24 *"Standards of practice for CPA certificate holders"* means the standards set forth in 18

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VAC 5-20-442, 18 VAC 5-20-443 and 18 VAC 5-20-444.

“State” means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. [Code definition.]

“Substantial equivalency” means a determination by the board or its designee that the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination and experience requirements contained in this chapter, or that an individual CPA from another jurisdiction has met education, examination and experience requirements which are comparable to, or exceed, the education, examination, and experience requirements contained in Chapter 20 (§ 54.1-2000 et seq.) of Title 54.1 of the Code of Virginia and this chapter. [Code definition.]

“Virginia approved sponsor” means an individual or business approved by the board to offer continuing professional education in accordance with this chapter.

“Wall certificate” means the symbolic document suitable for wall display that is issued by the board to an individual meeting the requirements for a CPA certificate set forth in 18 VAC 5-20-20.

18 VAC 5-20-11. Fees.

A. All fees are nonrefundable and the date of receipt by the board or its agent is the date which will be used to determine whether it is on time.

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B. The following fees are effective October 4, 1999:

Original CPA certificate application	\$ 24
CPA certificate by endorsement application	\$ 24
Registration certificate application	\$ 24
CPA certificate renewal	\$ 24
Registration certificate renewal	\$ 24
CPA certificate late renewal	\$ 25
Registration certificate late renewal	\$ 25
CPA certificate reinstatement	\$ 60
Registration certificate reinstatement	\$ 60

If the renewal fee is not received by the board within 30 days after the expiration date printed on the CPA certificate or the registration certificate, the regulant shall pay the renewal and the late renewal fees. Regulants applying for reinstatement shall pay all unpaid renewal fees in addition to the late renewal and the reinstatement fees.

C. In order to implement a staggered billing program, the renewal fee for CPA certificate holders whose CPA certificates expire on September 30, 2000 shall be as follows depending upon the new expiration date assigned to the regulant:

March 31, 2001	\$ 12
April 30, 2001	\$ 14

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1	<u>May 31, 2001</u>	<u>\$ 16</u>
2	<u>June 30, 2001</u>	<u>\$ 18</u>
3	<u>July 31, 2001</u>	<u>\$ 20</u>
4	<u>August 31, 2001</u>	<u>\$ 22</u>
5	<u>September 30, 2001</u>	<u>\$ 24</u>
6	<u>October 31, 2001</u>	<u>\$ 26</u>
7	<u>November 30, 2001</u>	<u>\$ 28</u>
8	<u>December 31, 2001</u>	<u>\$ 30</u>
9	<u>January 31, 2002</u>	<u>\$ 32</u>
10	<u>February 28, 2002</u>	<u>\$ 34</u>

11

12 D. The late filing fee for CPA certificate holders who fail to complete or report their CPE as
13 required by this chapter shall be:

14

15 1. If received by the board up to four months late, \$ 25.

16 2. If received by the board more than four months late but not more than six months
17 late, \$50.

18 3. If received by the board more than six months late, \$ 75.

19

20 E. The fee for a replacement wall certificate shall be \$ 25.

21

22 F. A fee of \$ 25 will be charged in addition to the fees established in this section for submitting
23 a check to the board which is dishonored by the institution upon which it is drawn.

24

G. The fee for the examination provided for in 18 VAC 5-20-20 C shall consist of the administration expenses of the board ensuing from the board's examination procedures and contract charges. Examination service contracts shall be established through competitive negotiation in compliance with the Virginia Public Procurement Act (§ 11-35 et seq. of the Code of Virginia). The examination shall not exceed a cost of \$ 300 to the applicant.

**ENTRY REQUIREMENTS FOR CPA CERTIFICATE, REGISTRATION CERTIFICATE
AND CPA SUPERVISING SERVICES INVOLVING THE PRACTICE OF PUBLIC
ACCOUNTING.**

~~A. Any person applying for certification as a certified public accountant shall meet the requirements of good character and education and shall have passed both a basic and an ethics examination, as approved by the board. Each applicant must be a person of good character as defined in 18 VAC 5-20-10.~~

~~B. The board may deny application to sit for the basic examination or deny certification upon a finding supported by clear and convincing evidence of a lack of good character. An applicant's history of dishonest or felonious acts, lack of fiscal integrity or acts which would constitute violations of this chapter will be considered by the board in determining character. Evidence of the commission of a~~

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single act may be sufficient to show a lack of good character.

C. B. ~~Education prior to taking the examination.~~

1. Each applicant ~~whose application to sit for the examination is received by the board before July 1, 2006~~ shall have completed a baccalaureate or higher degree from an accredited institution as defined in ~~18 VAC 5-20-10~~ and shall have completed, at an accredited institution as defined in ~~18 VAC 5-20-10~~, either prior to, concurrent with or subsequent to, completion of the baccalaureate degree or higher degree ~~received a baccalaureate degree or its equivalent conferred by an accredited college or university as required by § 54.1-2003 B 1 of the Code of Virginia and shall at the time the application is received have completed the following courses at the undergraduate or graduate level to meet the accounting concentration requirement of § 54.1-2003 B 1 of the Code of Virginia:~~

a. At least 24 semester hours of accounting ~~at the undergraduate or graduate level~~ including courses covering the subjects of financial accounting, auditing, taxation, and management accounting, and

b. At least 18 semester hours in business courses (other than ~~accounting the courses described in subdivision 1 a of this subsection~~) at the undergraduate or graduate level.

c. ~~Applicants whose degrees or diplomas were earned at colleges or~~

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~~universities outside the United States shall have their educational credentials evaluated by a foreign academic credentials service approved by the board to determine the extent to which such credentials are equivalent to the education requirements set forth above.~~

~~Such credentials may be accepted by the board as meeting its educational requirements fully, partially, or not at all.~~

~~2. Evidence of education: Each applicant shall submit evidence of having obtained the required education in the form of official transcripts transmitted directly from the accredited institution. In unusual circumstances other evidence of education may be accepted when deemed equivalent and conclusive: whose application to sit for the examination is received by the board on or after July 1, 2006 shall meet the requirements of § 54.1-2003 B 2 of the Code of Virginia and shall at the time the application is received have completed the following courses at the undergraduate or graduate level to meet the accounting concentration requirement of § 54.1-2003 B 2 of the Code of Virginia:~~

~~a. At least 30 semester hours of accounting, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting, and~~

~~b. At least 24 semester hours in business courses (other than the courses described in subdivision 2 a of this subsection).~~

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1
2 3. ~~A quarter hour of coursework shall be considered the equivalent of two-thirds of a~~
3 ~~semester hour of coursework.~~

4
5 ~~3.4. Education prerequisite to examination. The education requirements shall be met~~
6 ~~prior to examination. An applicant may, however, be admitted to the May examination~~
7 ~~if he will have completed the education requirements by the succeeding June 30, and to~~
8 ~~the November examination if he will have completed the education requirements by the~~
9 ~~succeeding December 31, and has filed evidence of enrollment in the required courses~~
10 ~~as specified by the board. Effective June 30, 1994, the education requirements shall be~~
11 ~~met prior to applying for the examination. Each applicant with a degree or coursework~~
12 ~~earned at a non-accredited college or university shall, if credit for such degree or course~~
13 ~~work is to be considered by the board, (i) have his educational credentials evaluated by~~
14 ~~an academic credentials service approved by the board or an accredited institution, as~~
15 ~~defined in 18 VAC 5-20-10, to determine the extent to which such credentials are~~
16 ~~equivalent to the education requirements set forth in subdivision 1 and subdivision 2 of~~
17 ~~this subsection; and (ii) submit such evaluations to the board, which may accept or~~
18 ~~reject the evaluator's recommendations in whole or in part.~~

19
20 ~~5. Evidence of having obtained the required education shall be submitted in the form of~~
21 ~~official transcripts transmitted in a manner determined by the board. In unusual~~
22 ~~circumstances, the board may accept other evidence it deems to be substantially~~
23 ~~equivalent.~~

24

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D. C. Examination.

1. Each applicant ~~for an original CPA certificate in Virginia must~~ shall pass a basic written national uniform examination, ~~as approved by the board,~~ in auditing, business law, theory of accounting, and accounting practice and other such related subject areas as deemed appropriate by the board from time to time. Applicants who have no unexpired examination credits must sit for all parts of the basic examination and professional responsibilities, accounting and reporting (taxation, managerial, governmental and not-for-profit organizations), financial accounting and reporting, and other such related subject areas as deemed appropriate by the board. Each part of the basic examination must be passed with a minimum grade of ~~75 established by the board.~~ The board may use all or any part of the Uniform Certified Public Accountant Examination and Advisory Grading Service of the American Institute of Certified Public Accountants to assist it in performing its duties.

The examination fee shall consist of the administration expenses of the board ensuing from the board's examination procedures and contract charges. Exam service contracts shall be established through competitive negotiation in compliance with the Virginia Public Procurement Act (§ 11-35 et seq. of the Code of Virginia). The current examination shall not exceed a cost of \$ 200 ~~\$ 300~~ to the candidate.

2. Examination credits.

Credits will be given for basic examination sections passed through five successive

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~~offerings subsequent to the first occasion when credit is earned. If at a given sitting of the examination an applicant passes two or more but not all sections, then the applicant shall be given credit for those sections that the applicant has passed and need not sit for reexamination in those sections, provided that the following conditions are met:~~

~~a. No credit will be allowed until either the section principally testing accounting practice or two other sections are passed at a single sitting; and~~

~~b. The candidate sits for all sections for which credit has not previously been granted; and~~

~~c. The candidate receives a minimum grade of 50 in each section not passed; except if all sections but one are passed at a single examination, no minimum grade shall be required on the remaining section.~~

~~3. Effective with the May 1994 examination, credits will be awarded if, at a given sitting of the examination, a candidate passes two or more, but not all, sections. The candidate shall be given credit for those sections passed, and need not sit for reexamination in those sections, provided:~~

~~a. The candidate wrote all sections of the examination at. At that sitting, the applicant wrote all sections of the examination for which the applicant did not have credit;~~

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b. The ~~candidate~~ applicant attained a minimum grade of 50 on each section ~~not passed taken at each that sitting;~~

c. The ~~candidate~~ applicant passes the remaining sections of the examination within ~~five~~ six consecutive examinations (~~irrespective of the date on which the examination credit was earned~~) given after the one at which the first sections were passed;

d. At each subsequent sitting at which the ~~candidate~~ applicant seeks to pass any additional sections, the ~~candidate~~ applicant writes all sections ~~not yet passed for which the applicant does not have credit; and~~

e. In order to receive credit for passing additional sections in any such subsequent sitting, the ~~candidate~~ applicant attains a minimum grade of 50 on sections ~~written but not passed on such sitting; and taken at that sitting.~~

~~f. Any candidate who has been awarded conditional credit for a section passed prior to May 1994 shall be awarded conditional credit as specified below:~~

~~(1) A candidate who has been awarded conditional credit for the accounting practice section shall be awarded conditional credit for the accounting and reporting section, and shall retain such credit until he passes the remaining sections or until the conditional status of such credit expires, whichever occurs first.~~

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~~(2) A candidate who has been awarded conditional credit for either the auditing or the business law (renamed business law and professional responsibilities) section, or both, shall retain such credit until he passes the remaining sections, or until the conditional status of such credit expires, whichever occurs first.~~

~~(3) A candidate who has been awarded conditional credit for the accounting theory section shall be awarded conditional credit for the financial accounting and reporting section and shall retain such credit until he passes the remaining sections or until the conditional status of such credit expires, whichever occurs first.~~

~~4. 3. Examination credits, exceptions.~~

~~The board may, at its discretion, waive any of the above requirements for carryover examination credits for candidates who suffer documented serious personal illness or injury, or death in their immediate family, or who are prevented from meeting these requirements due to the obligation of military service or service in the Peace Corps, or for other good cause of similar magnitude approved by the board. Documentation of these circumstances must be received by the board no later than 12 months after the date of the examination missed or within 6 months of the completion of military or Peace Corps service whichever is later, if such waiver is in the public interest.~~

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~~5.4. Conduct in basic examination.~~

Each applicant shall follow all rules and regulations established by the board with regard to conduct at the basic examination. Such rules shall include any written instructions communicated prior to the examination date and any instructions communicated at the examination site on the date of the examination.

~~6.5. Loss of credit or eligibility.~~

~~Any applicant found to be in violation of Failure to comply with the rules and regulations governing conduct in the basic examination may lose result in the loss of established eligibility to sit for the examination or credit for examination parts passed.~~

~~7. 6. Application deadline.~~

~~An Application applicant to sit for the basic examination shall be made on a obtain an application form provided by from the board or its designee, complete the application and shall be filed in accordance with the instructions on the application, and submit the application along together with all required documents by the first Friday in March for the May examination and by the first Friday in September for the November examination to the board or its designee by the date determined by the board or its designee.~~

~~8. 7. Failure to appear, excused examination.~~ An applicant who fails to appear for the

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basic examination or reexamination shall forfeit the fees charged for that examination or reexamination unless excused by the board.

~~The board may, at its discretion, excuse an applicant for an examination until the next examination for military service when documented by orders or a letter from the commanding officer; or for serious injury, illness or physical impairment, any of which must be documented by a statement from the treating physician; or death in their immediate family, or for other good cause of similar magnitude approved by the board. The fee for the excused examination will be refunded.~~

~~8. The fee to sit for the examination is established in 18 VAC 5-20-11 G, whether paid directly to the board or to a designee under contract to the board.~~

D. Experience.

~~1. Each applicant for initial issuance of a CPA certificate under this section shall provide documentation of having met the experience requirements established by §54.1-2003 C of the Code of Virginia, which requires at least one year of acceptable experience in accounting or a related field. The experience may include providing any type of service or advice involving the use of accounting, management, financial, tax, or consulting advisory skills or services. Acceptable experience shall include employment in government, industry, academia or public accounting or related services. The applicant's experience may be supervised by a non-CPA certificate holder, although, when completing the application for the CPA certificate, the experience must be verified~~

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by a CPA certificate holder.

2. One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subdivision 1 of this subsection.

~~18 VAC 5-20-30. Original CPA certificate.~~

A. A CPA certificate will be granted to an applicant who has met all of the qualifications for certification outlined in ~~18 VAC 5-20-20~~.

B. The fee for an original CPA certificate shall be \$15. All fees are nonrefundable and shall not be prorated.

~~18 VAC 5-20-40. CPA certificate by endorsement.~~

A CPA certificate will be granted to an applicant who holds a like valid and unrevoked CPA certificate issued under the law of any jurisdiction showing that applicant is in good standing in the jurisdiction, provided:

1. The applicant meets all current requirements in Virginia at the time application is

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made; or

2. ~~At the time the applicant's CPA certificate was issued in the other jurisdiction the applicant met all requirements then applicable in Virginia; or~~

3. ~~The applicant has met all requirements applicable in Virginia except the education requirement, or has passed the examination under different credit or grade provisions; and either:~~

a. ~~The applicant has five years of experience in the performance of accounting services within the 10 years prior to application; or~~

b. ~~The applicant has five years of experience in the performance of accounting services, one year of which was immediately prior to application and, within the 10 years prior to application, had completed 15 semester hours of accounting; auditing and related subjects at an accredited institution.~~

4. ~~The fee for a CPA certificate by endorsement shall be \$65. All fees are nonrefundable and shall not be prorated.~~

18 VAC 5-20-41. Issuance of original CPA certificate; CPA certificate by endorsement; and substantial equivalency.

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A. Original CPA certificate.

1. When required. Each individual who desires to use the CPA designation shall first obtain a CPA certificate.

2. Each applicant for an original CPA certificate shall submit an application, on a form provided by the board, which shall document that the requirements of 18 VAC 5-20-20 have been met. If the application is received by the board three or more years after the successful completion of the CPA examination by the applicant, the applicant shall, in addition, submit evidence of having met the continuing professional education requirements established by 18 VAC 5-20-451 A 1 or 18 VAC 5-20-451 A 2, whichever is applicable. Each applicant shall agree to comply with the statutes and regulations of any other state in which he is authorized to practice.

3. Each application for an original CPA certificate shall be accompanied by the fee established in 18 VAC 5-20-11.

B. CPA certificate by endorsement.

1. Each applicant for a CPA certificate by endorsement shall submit an application, on a form provided by the board, which shall document that the applicant holds a corresponding certificate as a certified public accountant issued after meeting examination and other requirements under laws of the state(s) from which the applicant is seeking a CPA certificate by endorsement. The application shall include the

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following:

a. From each state from which the applicant has received a CPA certificate (or from the applicant directly if the state is unable to provide the information), a written statement from the board of each state confirming that the applicant (i) is in good standing in that state; (ii) has not been found guilty of violating that state's standards of conduct or practice; (iii) has no pending actions alleging violations of that state's standards of conduct or practice; (iv) has met the education requirements in effect in that state when the applicant passed the examination described in 18 VAC 5-20-20 C and (v) has met the experience requirement for a CPA certificate in effect in Virginia when the CPA certificate by endorsement application is received by the board. An applicant who holds a CPA certificate from a state that the board has determined meets the substantial equivalency provision set forth in §54.1-2004.1 of the Code of Virginia shall be considered to have met the requirements of (iv) and (v).

b. A written statement from the applicant affirming that the applicant has (i) not violated the board's standards of conduct or standards of practice; and (ii) met the board's continuing education requirements.

The board may deny the application for a CPA certificate by endorsement if the applicant is not in good standing in the other states which have issued CPA certificates to the applicant or if any information from the applicant indicates a failure to comply with the aforementioned standards.

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2. Each application for a CPA certificate by endorsement shall be accompanied by the fee established in 18 VAC 5-20-11.

C. Privileges of CPA certificate holders.

Each CPA certificate holder shall have the privilege of using the CPA designation provided the CPA certificate holder complies with the (i) standards of conduct, (ii) standards of practice, and (iii) the renewal requirements established by the board. Upon expiration of the CPA certificate, the CPA certificate holder shall cease displaying the CPA certificate and the wall certificate, and shall cease affixing and using the CPA designation in any manner.

D. Supervising CPA.

CPA certificate holders shall have met the experience requirements established in 18 VAC 5-20-81 before supervising services involving the practice of public accounting, or signing or authorizing another person to sign the accountant's report on the financial statements on behalf of the firm.

E. CPA certificate renewal.

CPA certificates shall be renewed in compliance with 18 VAC 5-20-100.

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1 E. Privilege to practice without a CPA certificate by endorsement, substantial equivalency.

2
3 1. To implement the provisions of § 54.1-2004.1 A of the Code of Virginia, the
4 privilege to practice under substantial equivalency shall be evidenced by the following:

5
6 a. If the individual's CPA certificate is issued by a state that the board has
7 determined is substantially equivalent, the CPA certificate issued by that state
8 shall constitute evidence of the privilege to practice.

9
10 b. If the individual's CPA certificate is issued by a state that the board has
11 determined is not substantially equivalent, the CPA certificate holder shall notify
12 the board in writing that he intends to practice in the Commonwealth and shall
13 provide documentation acceptable to the board that he has personally satisfied
14 the requirements for substantial equivalency. An approval letter from the board
15 shall constitute evidence of the privilege to practice.

16
17 c. A CPA certificate by endorsement must be obtained if the CPA exercising
18 the privilege to practice under substantial equivalency moves his principal place
19 of business to Virginia or ceases to have an office in any other state.

20
21 2. For the purposes of implementing § 54.1-2004.1 B 2 of the Code of Virginia
22 relating to the privilege of practicing public accounting extended to nonresident CPA
23 certificate holders, the board shall determine the state to be served based on whose
24 statutes and regulations most closely correspond to those of the Commonwealth of

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Virginia.

3. The board shall determine whether a state meets the substantial equivalency provisions for nonresident CPA certificate holders by periodically obtaining, reviewing and approving a list of states, which in the opinion of the board, meet the substantial equivalency provisions for nonresident CPA certificate holders.

~~18 VAC 5-20-50. License/certificate maintenance.~~

~~Any person holding a Virginia CPA certificate shall either maintain a Virginia license to practice public accounting or file annually as a certificate holder not engaged in the practice of public accounting in Virginia and pay the required maintenance fee.~~

~~18 VAC 5-20-60. Licensure.~~

~~Each certified public accountant who is engaged in or holding himself out to be engaged in the practice of public accountancy in Virginia must hold a valid license. This provision applies to professional staff who are eligible for licensure as set forth in 18 VAC 5-20-80 as well as to sole proprietors, partners, members and shareholders.~~

~~1. To be eligible for licensure an individual shall meet the qualifications for certification outlined in 18 VAC 5-20-20 and one of the experience requirements set forth in 18~~

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~~VAC 5-20-80:~~

~~2. The fee for an initial CPA license shall be \$40. All fees are nonrefundable and shall not be prorated.~~

~~**18 VAC 5-20-70. Requirement for licensure; exception.**~~

~~Only a certified public accountant, holding a valid Virginia license, may engage in the practice of public accounting in Virginia. However, this does not prohibit any person from affixing his signature to any statement or report for his employer's internal or management use designating the position, title, or office of the person.~~

~~**18 VAC 5-20-80. Experience and continuing professional education requirements for original license.**~~

~~A. Each applicant for an original license shall have met the following experience requirements:~~

~~1. Two years of experience in public accounting with the giving of assurances and compilation services constituting not less than 800 hours of that experience with no more than 200 of such hours in compilation services, or~~

~~2. Two years of experience under the supervision of a certified public accountant in the~~

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1 ~~performance of accounting services with at least 800 hours of that experience including~~
2 ~~the following:~~

3
4 ~~a. Experience in applying a variety of auditing procedures and techniques to the~~
5 ~~usual and customary financial transactions recorded in the accounting records;~~
6 ~~and~~

7
8 ~~b. Experience in the preparation of audit working papers covering the~~
9 ~~examination of the accounts usually found in accounting records; and~~

10
11 ~~c. Experience in the planning of the program of audit work including the~~
12 ~~selection of the procedures to be followed; and~~

13
14 ~~d. Experience in the preparation of written explanations and comments on the~~
15 ~~findings of the examinations and on the accounting records; and~~

16
17 ~~e. Experience in the preparation and analysis of financial statements together~~
18 ~~with explanations and notes thereon; or~~

19
20 ~~3. Three years of experience in the performing of accounting services which~~
21 ~~demonstrates intensive, diversified application of accounting principles, auditing~~
22 ~~standards or other technical standards pertaining to accounting and review services, tax~~
23 ~~services or management advisory services; or~~

24

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4. ~~Three years of teaching experience in upper level courses in accounting, auditing, and taxation at an accredited institution in conjunction with no less than five months experience with a public accounting firm with the giving of assurances and compilation services constituting not less than 800 hours of that experience with no more than 200 of such hours in compilation services.~~

~~B. An applicant having a baccalaureate degree and courses as defined in 18 VAC 5-20-20 C 1 and a master's degree from an accredited institution with 15 semester hours in graduate level accounting courses exclusive of those courses defined in 18 VAC 5-20-20 C 1 will be credited with one year of required experience under this section.~~

~~C. Individuals applying for original licensure after January 1, 1992, shall have completed in addition to one of the experience requirements, a minimum of 20 credit hours of CPE in the subject areas listed in 18 VAC 5-20-490 within the preceding 12 months prior to application for licensure. For purposes of license renewal, the calendar year following the year in which the initial license is issued shall be considered the first reporting year for CPE as outlined in 18 VAC 5-20-450.~~

18 VAC 5-20-81. Additional requirements for CPAs supervising services involving the practice of public accountancy.

A. When required.

1. ~~To implement the provisions of § 54.1-2005 C. 7 of the Code of Virginia, any~~

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individual CPA certificate holder who is responsible for supervising services involving the practice of public accounting, or signs or authorizes another person to sign the accountant's report on the financial statement on behalf of the firm, shall meet the requirements set forth in subsection B of this section.

2. Nothing in this section is intended to proscribe an individual who does not have a CPA certificate from affixing his signature to any statement or report for his employer's internal or management use and designating his position, title or office.

B. Requirements.

1. CPA certificate.

Any individual desiring to supervise public accountancy services shall hold a currently valid CPA certificate or CPA certificate by endorsement issued by this board or shall be in compliance with the substantial equivalency requirements in 18 VAC 5-20-41 E.

2. Experience.

In addition to the one year of experience required to receive a CPA certificate, such individual shall have completed one year of additional experience in the practice of public accounting, as defined in 18 VAC 5-20-10, with not less than 600 of these hours in the performance of audits. One year of experience shall consist of no fewer than 2,000 hours of full or part-time employment that extends over a period of no less than

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~~one year and no more than three years. The experience must have been gained under the direct supervision of a CPA licensed in any state.~~

~~**18 VAC 5-20-90. Registration of professional corporations and professional limited liability companies.**~~

~~A. All professional corporations and professional limited liability companies practicing public accountancy in Virginia shall be registered by the board.~~

~~B. The fee for registration shall be \$40. All fees are nonrefundable and shall not be prorated.~~

~~C. All registered professional corporations and professional limited liability companies shall meet the standards set forth in § 54.1-2005 of the Code of Virginia and Part IV of this chapter.~~

~~**18 VAC 5-20-91. Registration of firms.**~~

~~A. To implement the provisions of § 54.1-2005 B of the Code of Virginia, any firm with one or more offices in the Commonwealth which practices, directly or indirectly, public accounting or which uses the term "Certified Public Accountant(s)" or the designation "CPA" in the name of the firm shall register with the board within sixty days of its formation or initially meeting the requirement to obtain a registration certificate. Any such firm in existence prior to October 4, 1999, that had not previously registered with the board shall register by November 30, 1999.~~

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1
2 B. To implement the provisions of § 54.1-2005 C of the Code of Virginia, any firm with an
3 office in the Commonwealth providing or offering to provide services involving the practice of public
4 accounting shall be issued a registration certificate by the board upon its application and payment of the
5 required fee provided the firm is in compliance with § 54.1-2005 C of the Code of Virginia.

6
7 1. Application; requirements, including peer review

8
9 Each firm shall submit an application on forms provided by the board, which shall
10 contain the following:

11
12 a. A statement that the applicant is filing pursuant to § 54.1-2005 B of the Code
13 of Virginia and has complied with each of the requirements of § 54.1-2005 C of
14 the Code of Virginia.

15
16 b. A copy of a peer review report and the letter from the supervising entity (an
17 organization that administers and supervises a peer review program for
18 CPAs, such as the American Institute of Certified Public Accountants)
19 accepting the report as evidence that it has undergone, no less frequently
20 than once every three years, a peer review that expresses an opinion on the
21 firm's system of quality control if the firm performed auditing, accounting or
22 attestation engagements providing some level of assurance, or a report
23 review if the firm compiled financial statements but did not perform auditing,
24 accounting or attestation engagements providing some level of assurance.

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during the three years preceding the calendar year in which the application is received.

(1) Such reviews shall be performed and reported in accordance with standards that are at least comparable to the peer review program of the American Institute of Certified Public Accountants.

(2) If the peer review report describes material deficiencies, the firm must provide evidence from the reviewer or supervising entity that the firm has corrected any material deficiencies within the time period set forth in the aforementioned standards or one year from the date of the peer review report, whichever is shorter. If the firm does not provide such evidence, the board shall advise the firm that: (i) the requirements of this section have not been met; (ii) the firm must provide the board with evidence that the firm has corrected the deficiencies within 90 days after the date of the board's communication; and (iii) the firm's registration certificate shall be revoked if such evidence is not provided. The firm may request a proceeding in accordance with the provisions of the Administrative Process Act (§ 9-6.14.4.1 et seq. of the Code of Virginia).

(3) A firm in existence prior to October 4, 1999 that is subject to the aforementioned requirement but has not undergone such a review

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1 shall comply with this requirement by June 30, 2002.

- 2
- 3 (4) A firm organized after October 3, 1999 shall comply with the peer
4 review requirement within six months following the second
5 anniversary of its formation.

6

7 c. The designation of a CPA certificate holder that will be the primary contact
8 for the firm, including a firm with multiple offices.

9

10 2. Non-CPA Owners

11

12 To implement § 54.1-2005 C 3 of the Code of Virginia, all non-CPA owners shall
13 work in the firm. "Work in the firm" shall mean that the non-CPA owner works full-
14 time for the firm (at least 1,000 hours a year), and that retirees and owners no longer
15 working full time shall have one year from the last day of their full-time involvement with
16 the firm to dispose of their interest. Heirs shall have two years in which to dispose of
17 the ownership interest.

18

19 C. To implement § 54.1-2005 D of the Code of Virginia, any firm with an office in the
20 Commonwealth that is not engaged in the practice of public accounting but uses the term "Certified
21 Public Accountant" or the "CPA" designation in its name shall be issued a registration certificate by the
22 board upon its application and payment of the required fee provided the firm is in compliance with §
23 54.1-2005 C 1, 2, 3, and 8 of the Code of Virginia. Any such firm in existence prior to October 4,
24 1999, that had not previously registered with the board shall register by November 30, 1999.

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1
2 ~~1. Application, requirement, including peer review.~~

3
4 ~~Such firm shall submit an application provided by the board, which application shall~~
5 ~~contain the following:~~

6
7 ~~a. A statement that the registrant is registering pursuant to § 54.1-2005 D of~~
8 ~~the Code of Virginia and has complied with each of the requirements set forth in~~
9 ~~§ 54.1-2005 D of the Code of Virginia.~~

10
11 ~~b. A statement that the firm has or has not compiled financial statements in~~
12 ~~compliance with SSARS.~~

13
14 ~~c. If the firm has compiled financial statements in accordance with SSARS, a~~
15 ~~copy of a peer review report and the letter from the American Institute of~~
16 ~~Certified Public Accountants accepting the report (or report and letter from~~
17 ~~other parties acceptable to the board) as evidence that it has undergone, no~~
18 ~~less frequently than every three years, an off-site peer review.~~

19
20 ~~(1) Such review shall be at least as comprehensive as the peer review~~
21 ~~program of the American Institute of Certified Public Accountants~~
22 ~~and the peer reviewer's report shall have expressed an unqualified~~
23 ~~opinion.~~
24

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(2) A firm organized after October 3, 1999 shall comply with the peer review requirement within six months following the second anniversary of its formation.

d. The designation of a CPA certificate holder that will be the primary contact for the firm, including a firm with multiple offices.

2. Non-CPA owners.

To implement § 54.1-2005 C 3 of the Code of Virginia, “work in the firm” means the non-CPA owner works full-time (at least 1,000 hours a year). Retirees and owners no longer working full time shall have one calendar year from the last day of their full-time involvement with the firm to dispose of their interest. Heirs shall have two years in which to dispose of their ownership interest.

D. The fee for a registration certificate is set forth in 18 VAC 5-20-11.

E. Pursuant to § 54.1-2005 C 6 of the Code of Virginia, all firms required to obtain registration certificates shall meet the standards set forth in 18 VAC 5-20-445.

E. Registration renewal.

Each registration certificate shall be renewed in compliance with 18 VAC 5-20-100.

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PART III.**RENEWAL/REINSTATEMENT OF CPA CERTIFICATE AND REGISTRATION
CERTIFICATE AND OTHER GENERAL REQUIREMENTS.*****18 VAC 5-20-100. Requirement for renewal.***

A. ~~Effective September 30, 1992, each license to practice public accounting or CPA certificate maintenance. Each CPA certificate issued under the provisions of this chapter shall be renewed annually expire one year from the last day of the month wherein the initial CPA certificate was issued and shall be renewable for periods of one year thereafter, except for CPA certificates with a September 30, 2000 expiration date. Each CPA certificate that expires on September 30, 2000 shall be renewed in a manner to implement a staggered renewal system, whereby all CPA certificates expiring on September 30, 2000 shall be renewed so as to cause an approximately equal number of CPA certificates to expire each month during the 12-month cycle beginning in March, 2001 and ending in February 2002. The fee during this initial implementation period will include a prorata charge or credit for the period between March 31, 2001 and February 28, 2002. A registration certificate of a professional corporation or professional limited liability company shall be renewed biennially.~~

B. ~~Each registration certificate shall expire two years from the last day of the month wherein issued and shall be renewable for periods of two years thereafter.~~

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~~C. Registration certificates issued to professional corporations and professional limited liability companies, in accordance with the regulations of the board in effect beginning on April 1, 1997 shall become void on November 30, 1999. Those firms shall register with the board in compliance with the requirements of 18 VAC 5-20-91 no later than November 30, 1999. A pro rata credit for the unexpired term of any existing registration certificate will be credited against the fee for the registration required by this subsection.~~

~~B.D. Effective September 30, 1992, each license to practice public accounting shall expire annually on September 30. Maintenance fees for CPA certificates shall also be due on September 30. A registration certificate of a professional corporation or professional limited liability company shall be renewed September 30 of each even-numbered year. The board Renewal notices will be mail mailed a renewal notice to the regulant at the last known address of record. Failure of the regulant to receive written notice of the expiration does not relieve him the regulant of the requirement to renew or and pay the required fee. The date the board receives the renewal notice and fee shall determine whether other fees established by 18 VAC 5-20-11 are payable. Fees shall not be refunded or prorated.~~

~~E. E. Renewal fees are as follows: Fees for renewal of a CPA certificate and a registration certificate are established in 18 VAC 5-20-11.~~

~~1. The fee for renewal of a CPA license to practice public accounting shall be \$30.~~

~~2. The fee for renewal of the registration certificate of a professional corporation shall be \$30.~~

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~~3. The fee for renewal of the registration certificate of a professional limited liability company shall be \$30.~~

~~4. The CPA certificate maintenance fee shall be \$10.~~

~~5. All fees are nonrefundable and shall not be prorated.~~

~~D. If the required fee is not received by October 30 an additional fee of \$10 for certificate maintenance, \$25 for license renewal, \$25 for professional corporation, and \$25 for professional limited liability company registration shall be required.~~

~~E. Applicants for renewal of the CPA certificate maintenance or license to practice public accounting shall certify on a form provided by the board that they continue to meet the standards for entry as set forth in 18 VAC 5-20-20 B.~~

~~Applicants for renewal of the license to practice public accounting shall meet the requirements of Part V. Failure to comply with Part V will result in the denial of the license renewal.~~

F. Representations.

1. An individual holding a CPA certificate issued by the board shall submit a renewal application provided by the board, which application shall contain a statement that the applicant (i) has complied with the board's standards of conduct and applicable standards of practice; (ii) has met the applicable continuing professional education requirements set

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1 forth in § 54.1-2004 B of the Code of Virginia, § 54.1-2004 C of the Code of Virginia and
2 18 VAC 5-20-451 for the three years prior to the year the renewal application is submitted;
3 and (iii) has met the requirements set forth in 18 VAC 5-20-81 B if the CPA certificate
4 holder is responsible for supervising services involving the practice of public accounting, or
5 signs or authorizes another person to sign the accountant's report on the financial statement
6 on behalf of the firm.

7
8 2. A firm practicing public accounting and holding a registration certificate issued by the
9 board shall submit (i) a renewal application provided by the board that shall contain a
10 statement that the registrant has complied with the board's standards of conduct and
11 applicable standards of practice, and the requirements of § 54.1-2005 C of the Code of
12 Virginia relating to firm ownership; and (ii) a copy of the peer review report and the letter
13 from the supervising entity accepting the report as evidence that it has undergone, within the
14 three-year period immediately preceding the year in which the registration certificate
15 renewal application is submitted, a peer review that expresses an opinion on the firm's
16 system of quality control if the firm performed auditing, accounting or attestation
17 engagements providing some level of assurance, or a report review if the firm compiled
18 financial statements but did not perform auditing, accounting or attestation engagements
19 providing some level of assurance during the three years preceding the calendar year in
20 which the application is received. Such reviews shall be performed and reported in
21 accordance with standards that are at least comparable to the peer review program of the
22 American Institute of Certified Public Accountants. If the peer review report describes
23 material deficiencies, the firm must provide evidence from the reviewer or supervising entity
24 that the firm has corrected any material deficiencies within the time period set forth in the

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1 ~~aforementioned standards or one year from the date of the peer review report, whichever is~~
2 ~~shorter. If a firm does not provide evidence that it has corrected these deficiencies, the~~
3 ~~board shall implement a proceeding in accordance with the provisions of the Administrative~~
4 ~~Process Act (§ 9-6.14:4.1 et seq. of the Code of Virginia). A firm in existence prior to~~
5 ~~October 4, 1999 that is subject to the aforementioned requirement but has not undergone~~
6 ~~such a review must comply with this requirement by June 30, 2002.~~

7
8 ~~F. G. The board, in its discretion, and for just cause, may deny renewal of a license to practice~~
9 ~~public accounting, registration or certificate maintenance. Upon such denial, the applicant for renewal~~
10 ~~may request that a hearing be held in accordance with the provisions of the Administrative Process Act~~
11 ~~(§ 9-6.14:1 et seq. of the Code of Virginia). If the above requirements are not met, the board shall~~
12 ~~advise the firm that its application has been denied and the reasons for the denial. The application may~~
13 ~~be resubmitted when the firm believes the deficiencies have been corrected. The firm may request a~~
14 ~~proceeding in accordance with the provisions of the Administrative Process Act (Section 9-6.14:4.1 et~~
15 ~~seq. of the Code of Virginia).~~

16
17 ~~H. If the required renewal fee is received more than 30 days after the expiration date but within~~
18 ~~one year after the expiration date, a late fee will be charged in addition to the renewal fee as provided~~
19 ~~for in 18 VAC 5-20-11.~~

20
21
22 **18 VAC 5-20-110. Requirement for reinstatement.**

23
24 ~~In addition to meeting the requirements for renewal set forth in 18 VAC 5-20-100, a regulant~~

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1 ~~shall comply with the following requirements if the regulant fails to renew within 12 months after the~~
2 ~~expiration of the applicable certificate:~~

3
4 ~~A.1. If the regulant fails to renew his license to practice public accounting CPA certificate or~~
5 ~~registration certificate or pay his certificate maintenance fee within six 12 months following the its~~
6 ~~expiration or voluntary termination by the holder of a CPA certificate or registration certificate,~~
7 ~~he will be required to present reasons for reinstatement and the board may, in its discretion,~~
8 ~~grant reinstatement or require a requalification or reexamination or both.~~

9
10 ~~2. No application for reinstatement shall be considered while the petitioner is under sentence~~
11 ~~for criminal offense related to the practice of accountancy, including any period during which the~~
12 ~~petitioner is on probation or parole for such offense.~~

13
14 ~~B.3. The fee for reinstatement of the license to practice public accounting shall be \$60, the fee~~
15 ~~for reinstatement of the professional corporation registration shall be \$60, the fee for~~
16 ~~reinstatement of a professional limited liability company registration shall be \$60, and the fee for~~
17 ~~reinstatement of the certificate maintenance shall be \$20. All Reinstatement fees, which are~~
18 ~~nonrefundable and shall not be prorated, are established in 18 VAC 5-20-11.~~

19
20 ~~C.4. Applicants for reinstatement of the CPA certificate or license to practice public accounting~~
21 ~~shall certify affirm on a form provided by the board that they continue to meet the standards for~~
22 ~~entry as set forth in 18 VAC 5-20-20 B 18 VAC 5-20-20, and for renewal as set forth in 18~~
23 ~~VAC 5-20-100. Applicants for reinstatement of the registration certificate shall affirm on a~~
24 ~~form provided by the board that they continue to meet the standards of conduct and applicable~~

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standards of practice, and the renewal requirements set forth in 18 VAC 5-20-100.

~~D.5. If the regulant has failed to renew his license to practice public accounting CPA certificate or registration certificate for a period of up to 12 months or longer, he shall be required in accordance with Part V of this chapter to complete a minimum of 40 credit hours of Continuing Professional Education (CPE) with a minimum of eight CPE credit hours in accounting and auditing and eight CPE credit hours in taxation within the preceding 12 months prior to application. If the regulant has failed to renew his license in excess of 12 months, he shall be required to complete a continuing education program specified by the board which shall require him to complete 40 hours of CPE if he failed to renew the license for one year, 80 hours of CPE if he failed to renew the license for two years and 120 hours of CPE if he failed to renew the license for three years, minus the hours which he had taken during this time period a reinstatement fee, as set forth in 18 VAC 5-20-11, shall be due in addition to the renewal fee and late renewal fee established in 18 VAC 5-20-11.~~

~~E. If the regulant has failed to maintain his CPA certificate, renew his license, professional corporation or limited liability company registration for a period of 12 months or longer, a late fee, in addition to the reinstatement fees outlined in 18 VAC 5-20-110 B, will be required.~~

~~6. The renewal fee and late fee shall be \$25 for each renewal period in which the regulant failed to maintain his CPA certificate, or failed to renew his license, professional corporation or limited liability company registration CPA certificate or registration certificate shall be paid as set forth in 18 VAC 5-20-11.~~

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~~F.7. The board, in its discretion, and for just cause, may deny reinstatement of a license to practice public accounting, registration or certificate maintenance. Upon such denial, the applicant for reinstatement may request that a hearing be held in accordance with the provisions of the Administrative Process Act (§ 9-6.14.1 et seq. of the Code of Virginia). If the above requirements are not met, the board shall advise the applicant that reinstatement has been denied and the reasons for the denial. The reinstatement request may be resubmitted when the applicant believes the matters affecting the reinstatement application have been satisfactorily resolved. The reinstatement applicant may request a proceeding in accordance with the provisions of the Administrative Process Act (§ 9-6.14.4.1 et seq. of the Code of Virginia).~~

18 VAC 5-20-111. Status of certificate holder during the period prior to reinstatement.

~~A regulant who is reinstated shall be regarded as having been a regulant continuously without interruption. Therefore, the regulant shall remain under the disciplinary authority of the board during this entire period and may be held accountable for his activities during this period. A regulant who is not reinstated shall be regarded as unlicensed from the expiration date of the CPA certificate or registration certificate forward. Nothing in these regulations shall divest the board of its authority to discipline a regulant for a violation of the law or regulations during the period of time for which the regulant held a CPA certificate or registration certificate.~~

18 VAC 5-20-112. Notification of change of address or name, response to board communication.

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A. ~~Each regulant shall notify the board in writing within 30 days of any change of address or name.~~

B. ~~Each regulant shall respond within 30 days to any request for information made by the board.~~

PART IV.**STANDARDS OF ~~PRACTICE~~ CONDUCT.**

~~18 VAC 5-20-120. Regulant accountable for service rendered:~~

~~Whenever a regulant offers or performs any services in Virginia related to the performance of accounting services regardless of the necessity to hold a license to perform that service, he shall be subject to the provisions of this chapter. A regulant shall be responsible for the acts or omissions of his staff in the performance of accounting services.~~

~~18 VAC 5-20-130. Use of terms.~~

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~~———— No firm with an office in Virginia shall use or assume the title or designation "certified public accountant," "public accountant," "CPA," or any other title, designation, phrase, acronym, abbreviation, sign, card, or device tending to indicate that it is engaged in or holding itself out to be engaged in Virginia in the practice of public accountancy unless all principals and professional staff of that firm who work in Virginia or who have substantial contact with work in Virginia and who meet the qualifications for licensure, currently hold a valid Virginia license.~~

~~18 VAC 5-20-140. Notification of change of address or name.~~

~~Every regulant shall notify the board in writing within 30 days of any change of address or name.~~

~~18 VAC 5-20-150. Sole proprietor name.~~

~~A sole proprietor shall use his own name as the firm name. However, a sole proprietor surviving the death or withdrawal of all other partners in a partnership may continue using the names of those partners for not more than two years after becoming a sole proprietor. A sole proprietor surviving the death or withdrawal of all other members in a professional limited liability company may continue using the names of those members for not more than two years after becoming a sole proprietor.~~

~~18 VAC 5-20-160. Partnership name.~~

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~~Licensees shall not practice in a partnership that includes a fictitious name, a name that indicates fields of specialization, or a name that includes the terms "company," "associates" or any similar terms or derivatives unless used to designate at least one unnamed, currently licensed partner. The name of one or more partners in a predecessor partnership, shareholders or licensed officers of a predecessor professional corporation, or members or managers of a predecessor professional limited liability company may be included in the partnership firm name of a successor partnership.~~

~~**18 VAC 5-20-170. Professional corporation name.**~~

~~A licensee shall not practice in a professional corporation that includes a fictitious name, a name that indicates fields of specialization, or a name that includes the terms "company," "associates," or any similar terms or derivatives unless used to designate at least one unnamed, currently licensed shareholder or licensed officer. The names of one or more past shareholders or licensed officers in a predecessor professional corporation, partners in a predecessor partnership, or members or managers in a predecessor professional limited liability company may be included in the corporate firm name of a successor corporation. A shareholder surviving the death or retirement of all other shareholders may continue using the names of those shareholders, partners in a predecessor partnership, or those members in a predecessor professional limited liability company for not more than two years after becoming a sole shareholder.~~

~~**18 VAC 5-20-180. Professional limited liability company name.**~~

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~~Licensees shall not practice in a professional limited liability company that includes a fictitious name, a name that indicates fields of specialization, or a name that includes the terms "company," "associates," or any similar terms or derivatives unless used to designate at least one unnamed, currently licensed member or licensed manager. The names of one or more past shareholders or licensed officers in a predecessor professional corporation, partners in a predecessor partnership, or members or managers in a predecessor limited liability company may be included in the firm name of a successor professional limited liability company.~~

~~**18 VAC 5-20-190. Notification of changes in firm.**~~

~~A licensee shall notify the board in writing within 30 days after occurrence of any of the following:~~

- ~~1. The formation of a firm and its name, location and names of partners, shareholders, officers, members or managers;~~
- ~~2. The admission of any new partner, shareholder, or member;~~
- ~~3. The change in the name of any partnership, professional corporation or professional limited liability company;~~
- ~~4. The change in the supervisor of any branch office;~~

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~~5. The change in the number or location of Virginia offices;~~

~~6. The opening of a new office in Virginia and the name of the supervisor; and~~

~~7. Any event which would cause the firm not to be in conformity with the provisions of this chapter.~~

~~**18 VAC 5-20-200. Sharing an office.**~~

~~When sharing office facilities with any person who is not in the same firm, the licensee shall use practices and procedures which enable a reasonable person clearly to distinguish between the practice of the licensee and the operation of the other occupation or business.~~

~~**18 VAC 5-20-210. Resident manager in Virginia in charge of office.**~~

~~Each branch office of a firm shall be managed by a certified public accountant licensed in Virginia. No licensed certified public accountant shall manage more than one office until such time as the licensee can provide, and the board approves, a management plan to provide supervision and quality control over the work product of all offices under the supervision of the licensee.~~

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~~18 VAC 5-20-220. Misleading name, letterhead, publication, etc.~~

~~Nothing shall be contained in a firm's name or in any firm letterhead, publication, form, card, etc., which states or implies an ability, relationship, or condition that does not exist.~~

~~18 VAC 5-20-230. Independence.~~

~~A licensed individual or a firm of which he is a partner, shareholder or member shall not express an opinion or conclusion on financial statements of an entity in such a manner as to imply that he or his firm is acting in an independent capacity when either the licensee or his firm during the period of a professional engagement or at time of expressing an opinion has any of the following interests in that entity:~~

~~1. Has acquired or has committed to acquire any direct or material indirect financial interest in the entity; or~~

~~2. Held the position of trustee, executor, or administrator of any trust or estate, if such trust or estate has or has committed to acquire any direct or material indirect financial interest in the entity; or~~

~~3. Held ownership of any joint closely-held business investment with the entity or any officer, director, or principal stockholder thereof which was material in relation to the net worth of the licensee; or~~

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4. ~~Has a relationship with the entity as a promoter, underwriter, or voting trustee, director or officer, or in any capacity equivalent to that of a member of management or of an employee; or~~

5. ~~Has any loan to or from the entity, or from any officer, director, or principal stockholder thereof except loans made by a financial institution under normal lending procedures, terms and requirements such as: loans obtained by the licensee or firm which are not material in relation to the net worth of the borrower; or home mortgages; or other secured loans, except those secured solely by a guarantee of the firm or its licensees.~~

~~**18 VAC 5-20-240. Integrity and objectivity.**~~

~~A regulant shall not knowingly misrepresent facts or subordinate his judgment to others. In tax practice, a regulant may resolve doubt in favor of his client as long as there is reasonable support for his position.~~

~~**18 VAC 5-20-250. Commissions.**~~

~~A regulant shall not pay a commission to obtain a client, nor shall he accept a commission for a referral to a client of products or services of others. Payments for the purchase of all, or part, of an~~

Board of Accountancy Regulations

~~accounting practice, retirement payments to persons formerly engaged in the practice of public accountancy, or payments to the heirs or estates of such persons are permitted.~~

~~**18 VAC 5-20-260. Contingent fees.**~~

~~A regulant shall not engage or offer to engage in the performance of accounting services for a fee which is contingent upon his findings or results of his services. This regulation does not apply either to services involving taxes in which the sole findings are those of the tax authorities or to the performance of accounting services for which the fees are to be fixed by courts or other public authorities.~~

~~**18 VAC 5-20-270. Incompatible occupations.**~~

~~A regulant shall not concurrently engage in any other business or occupation which impairs his independence or objectivity in the performance of accounting services.~~

~~**18 VAC 5-20-280. Competence.**~~

~~A regulant shall not undertake performance of accounting services which he cannot reasonably expect to complete with due professional competence, including compliance, when applicable, with this chapter.~~

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~~18 VAC 5-20-290. Auditing standards.~~

~~A regulant shall not permit his name to be associated with financial statements in such a manner as to imply that he is acting as an independent certified public accountant unless he has complied with applicable generally accepted auditing standards in current use at the time his services were provided. Departures from compliance with generally accepted auditing standards must be justified.~~

~~18 VAC 5-20-300. Accounting principles.~~

~~A regulant shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such statements contain any departure from generally accepted accounting principles in current use at the time the services were provided, which departure has a material effect on the statements taken as a whole. Any such departure is permissible only if the regulant can demonstrate that, due to unusual circumstances, the financial statements would otherwise be misleading. In such cases, his report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principles would result in a misleading statement.~~

~~18 VAC 5-20-310. Other technical standards.~~

~~A regulant shall comply with other technical standards pertaining to accounting and review~~

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~~services, tax services and management advisory services in current use at the time services were provided. Departure from compliance with other technical standards must be justified.~~

~~**18 VAC 5-20-320. Forecasts or projections.**~~

~~No regulant shall vouch for the achievability of any forecast or projection.~~

~~**18 VAC 5-20-330. Confidential client information.**~~

~~A regulant shall not, without the consent of his client, disclose any confidential information pertaining to his client obtained in the course of the performance of accounting services, except in response to a subpoena or summons enforceable by order of a court, in response to any inquiry made by the board or its agents, by a government agency, or by a recognized organization of certified public accountants, or by the client himself or his heirs, successors or authorized representative, or in connection with a quality control review of the regulant's practice.~~

~~**18 VAC 5-20-340. Client's records.**~~

~~A regulant shall furnish to his firm's client or former client, within a reasonable time upon request:~~

- ~~1. A copy of the client's tax return or a copy thereof; or~~

Board of Accountancy Regulations

2. ~~A copy of any report, or other document, issued by the regulant or his firm to or for the client and not formally withdrawn by the regulant or his firm prior to the request; or~~

3. ~~Any accounting or other record belonging to the client, or obtained from or on behalf of the client, which the regulant or another member of his firm removed from the client's premises or had received for the client's account; or~~

4. ~~A copy of the regulant's working papers, to the extent that such working papers include records which would ordinarily constitute part of the client's books and records not otherwise available to the client. Examples would include worksheets in lieu of books of original entry or general or subsidiary ledgers such as a list of accounts receivable or depreciation schedule. All journal entries and supporting details would also be considered client's records; or~~

5. ~~With respect to subdivisions 1, 2 and 4 of this section, it shall not be considered a violation of this section if a regulant declines to deliver to a client any of the foregoing until the client has paid any amounts owed for those services to which subdivisions relate.~~

~~18 VAC 5-20-350. Acting through others.~~

~~A regulant shall not permit others to carry out on his behalf, acts which, if carried out by the~~

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~~regulant would place him in violation of this chapter. A regulant shall not perform services for a client who is performing the same or similar services for another, if the regulant could not perform those services under these rules.~~

~~18 VAC 5-20-360. Advertising.~~

~~A regulant shall not make any false, fraudulent, misleading, deceptive, or unfair statement or claim, including but not limited to:~~

~~1. A misrepresentation of fact; or~~

~~2. Failure to make full disclosure of any relevant fact; or~~

~~3. Representation of services of exceptional quality not supported by verifiable facts; or~~

~~4. A representation that might lead to unjustified expectation of higher level of performance or of favorable results.~~

~~18 VAC 5-20-370. Solicitation.~~

~~A regulant shall not by any direct personal communication solicit an engagement for the performance of accounting services if the communication is overreaching or contains use of coercion;~~

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~~duress, compulsion, intimidation, threats, or harassment.~~

~~**18 VAC 5-20-380. Response to board communication.**~~

~~A regulant shall respond by registered or certified mail within 30 days of the mailing of any communication from the board when requested.~~

~~**18 VAC 5-20-390. Revocation, suspension, and fines.**~~

~~The board may suspend, deny renewal, or revoke any certificate, license, or registration, or may fine the holder thereof, upon a finding of any conduct reflecting adversely upon the regulant's fitness to engage in the performance of accounting services or for violation of any of the board's rules and regulations.~~

~~**18 VAC 5-20-400. Practice inspection and continuing professional education.**~~

~~In lieu of or in addition to any remedy provided in 18 VAC 5-20-390 the board may require an inspection of a regulant's practice, require completion of specified continuing education, restrict regulant's area of practice, or impose such other sanctions as it deems appropriate.~~

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~~18 VAC 5-20-410. Petition for reinstatement or modification of a penalty.~~

~~No petition shall be considered while the petitioner is under sentence for a criminal offense related to the practice of accountancy, including any period during which the petitioner is on court imposed probation or parole for such offense. Otherwise, a person whose certificate or license has been revoked or suspended, or who has been subjected to any penalty may petition the board for reinstatement or modification of any penalty, no sooner than one year from the effective date of that decision. The petition shall be accompanied by at least two verified recommendations from licensees who have had personal knowledge of the activities of the petitioner since the time the disciplinary penalty was imposed. The board may consider all activities of the petitioner dating from the time the disciplinary action was taken, the offense for which the petitioner was disciplined; the petitioner's rehabilitative efforts and restitution to damaged parties; and the petitioner's general reputation for truth and professional ability.~~

~~18 VAC 5-20-420. Ownership of records.~~

~~All statements, records, schedules, working papers, and memoranda made by a regulant incident to rendering services to a client in the performance of accounting services other than records specified in ~~18 VAC 5-20-340~~, shall become the property of the regulant's firm absent an express agreement between the firm and the client to the contrary. No such statement, record, schedule, working paper or memorandum covered by this section or in ~~18 VAC 5-20-340~~ shall be sold, transferred, or bequeathed, to anyone other than a regulant without the consent of the client.~~

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~~**18 VAC 5-20-430. Acts discreditable.**~~

~~A regulant shall not commit an act discreditable to the profession of accountancy.~~

~~**18 VAC 5-20-440. Single act.**~~

~~Evidence of the commission of a single act prohibited by this chapter shall be sufficient to justify a finding of violation, without evidence of a general course of conduct.~~

~~**18 VAC 5-20-441. Standards of conduct for all regulants.**~~

~~Regulants shall adhere to the following standards of conduct:~~

~~**A._____Responsibilities.**~~

~~A regulant shall exercise sensitive professional and moral judgment in all activities.~~

~~**B._____Public interest.**~~

~~A regulant shall act in a way that serves the public interest, honors the public trust, and demonstrates commitment to professionalism.~~

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C. Integrity and objectivity.

A regulant shall perform all professional responsibilities with the highest sense of integrity, maintain objectivity and freedom from conflicts of interest in discharging professional responsibilities, and avoid knowingly misrepresenting facts or inappropriately subordinating his judgment to others.

D. Independence.

A CPA certificate holder and registration certificate holder shall be independent in fact and appearance when offering to provide or providing services pursuant to the standards listed in the definition of “standards of practice for CPA certificate holders.”

E. Professional competence.

A regulant shall undertake only those professional services that can reasonably be expected to be completed with professional competence.

F. Due professional care.

A regulant shall exercise due professional care in the performance of professional services.

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1 G. Planning and supervision.

2
3 A regulant shall adequately plan and supervise the performance of professional services.

4
5 H. Sufficient relevant data.

6
7 A regulant shall obtain sufficient relevant data to afford a reasonable basis for
8 conclusions or recommendations in relation to any professional services performed.

9
10 I. Accounting principles.

11
12 A CPA certificate holder shall not express an opinion or state affirmatively that financial
13 statements or other financial data of any entity are presented in conformity with generally
14 accepted accounting principles or state that the CPA certificate holder is not aware of
15 any material modifications that should be made to such statements or data in order for
16 them to be in conformity with generally accepted accounting principles, if such
17 statements or data contain any departure from any of the standards described in the
18 definition of the “standards of practice for CPA certificate holders” that has a material
19 effect on the statements or data taken as a whole with the following exception: the
20 CPA certificate holder can demonstrate that, due to unusual circumstances, the financial
21 statements or data would otherwise have been misleading without the departure, and the
22 approximate effects of the departure, if practicable, and the reasons why compliance
23 with the principle would result in a misleading statement are provided in the statements
24 or data.

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1
2 I. Confidential client information.

3
4 A regulant shall not disclose any confidential client information without the specific
5 consent of the client. This rule shall not be construed to (i) affect in any way the
6 regulant's obligation to comply with a validly issued and enforceable subpoena or
7 summons, or to prohibit a regulant's compliance with applicable laws and government
8 regulations, (ii) prohibit review of a regulant's professional practice by this board, (iii)
9 prohibit a review in conjunction with a prospective purchase, sale or merger of all or
10 part of a regulant's practice so long as the regulant takes appropriate precautions (e.g.,
11 through a written confidentiality agreement) so that the prospective purchaser does not
12 disclose any information obtained in the course of the review, or prohibit a review in
13 conjunction with a peer review of a firm as provided in 18 VAC 5-20-91. The
14 reviewers of such information shall not use to their advantage nor disclose any regulant's
15 confidential client information that comes to their attention.

16
17 K. Contingent fees.

18
19 As provided in § 54.1-2007 D 2 and 3 of the Code of Virginia, a CPA certificate
20 holder shall not perform for a contingent fee: (i) any services for, or receive such a fee
21 from, a client for whom the CPA certificate holder or the CPA certificate holder's firm
22 performs services which involve the practice of public accounting, during the period
23 when such services are being provided and during the period covered by the financial
24 statements; or (ii) prepare an original tax return or claim for a tax refund for a contingent

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1 ~~fee for any client.~~

2
3 L. ~~Commissions and referral fees.~~

4
5 1. ~~Prohibited Commissions. As provided in § 54.1-2007 D 1 of the Code of Virginia,~~
6 ~~a CPA certificate holder shall not recommend to a client any product or services for a~~
7 ~~commission, or, for a commission, recommend or refer any product or service to be~~
8 ~~supplied by a client, or receive a commission when the CPA certificate holder also~~
9 ~~performs for that client any service which involves the practice of public accounting.~~
10 ~~This prohibition applies during the period in which the CPA certificate holder is~~
11 ~~providing services which involve the giving of an assurance or during the period covered~~
12 ~~by any financial statements that were prepared by the CPA certificate holder as a part~~
13 ~~of such services.~~

14
15 2. ~~Disclosure of Permitted Commissions. As provided in § 54.1-2007 E of the Code~~
16 ~~of Virginia, a CPA certificate holder who is not prohibited from accepting a commission~~
17 ~~and who is paid or expects to be paid a commission shall disclose that fact to any~~
18 ~~person or entity to whom the CPA certificate holder recommends or refers a product or~~
19 ~~service to which the commission applies.~~

20
21 3. ~~Disclosure of Referral Fees. As provided in § 54.1-2007 F of the Code of Virginia,~~
22 ~~a CPA certificate holder who accepts a referral fee for recommending or referring any~~
23 ~~service of a CPA certificate holder shall disclose such payment to the client.~~

24

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M. Acts discreditable.

A regulant shall not commit acts discreditable to the profession, as listed in § 54.1-2006 of the Code of Virginia and this chapter.

N. Advertising and other forms of solicitation.

A regulant shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive, or by coercion, overreaching or harassing conduct.

O. Form of organization and name.

A regulant shall not practice under a firm name that is false, misleading or deceptive.

PART V.

STANDARDS OF PRACTICE FOR CPA CERTIFICATE HOLDERS.

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18 VAC 5-20-442. Standards of practice for CPA certificate holders involved in the practice of public accounting.

CPA certificate holders shall follow the standards, as applicable under the circumstances, set forth below in providing services involving the practice of public accounting:

1. _____ Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board

2. _____ Accounting Principles Promulgated by the Accounting Principles Board of the American Institute of Certified Public Accountants

3. _____ Accounting Principles Promulgated by the Committee on Accounting Procedure of the American Institute of Certified Public Accountants

4. _____ Statements on Auditing Standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants

5. _____ Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants

6. _____ Statements of Governmental Accounting and Financial Reporting Standards issued by the Governmental Accounting Standards Board

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7. Statements on Governmental Auditing Standards issued by the Comptroller General of the United States

8. Statements on Standards for Attestation Engagements issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants

9. Standards issued by various governmental bodies with which the auditor is required to comply

18 VAC 5-20-443. Standards of practice for CPA certificate holders providing tax compliance and advice.

In addition to the standards of conduct established in 18 VAC 5-20-441, CPA certificate holders who provide tax compliance and tax advisory services shall comply with the following standards of practice:

1. Due diligence.

A CPA certificate holder shall exercise due diligence as to accuracy in preparing, approving and filing, tax returns, documents, affidavits, and other papers relating to income tax matters.

2. Tax return positions.

Board of Accountancy Regulations

1
2 a. A CPA certificate holder shall not recommend to a client that a position be
3 taken with respect to the tax treatment of any item on a return unless the CPA certificate
4 holder has a good faith belief that the position has a realistic possibility of being
5 sustained administratively or judicially on its merits if challenged, or prepare or sign a
6 return as an income tax return preparer if the CPA certificate holder knows that the
7 return takes a position that the CPA certificate holder could not recommend under the
8 aforementioned standard, except that a CPA certificate holder may recommend a
9 position that the CPA certificate holder concludes is not frivolous so long as the position
10 is adequately disclosed on the return or claim for refund.

11
12 b. In recommending certain tax return positions and in signing a return on which a
13 tax return position is taken, a CPA certificate holder shall advise the client, where
14 relevant, as to the potential penalty consequences of the recommended tax return
15 position and the opportunity, if any, to avoid such penalties through disclosure.

16
17 c. A CPA certificate holder shall not recommend a tax return position that exploits
18 the tax authority's tax election process, or serves as a mere "arguing" position advanced
19 solely to obtain leverage in the bargaining process of settlement negotiation with the tax
20 authority.

21
22 3. Answers to questions on returns.

23
24 A CPA certificate holder shall make a reasonable effort to obtain from the client, and

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provide, appropriate answers to all questions on a tax return before signing as preparer.

4. Certain procedural aspects of preparing returns.

a. In preparing or signing a return, the CPA certificate holder may in good faith rely without verification upon information furnished by the client or by third parties; however, the CPA certificate holder shall not ignore the implications of information furnished and shall make reasonable inquiries if the information furnished appears to be incorrect, incomplete, or inconsistent either on its face or on the basis of other facts known to the CPA certificate holder.

b. Where the tax authority imposes a condition to deductibility or other tax treatment of an item (such as taxpayer maintenance of books and records or substantiating documentation to support the reported deduction or tax treatment), the CPA certificate holder shall make appropriate inquiries to determine to the CPA certificate holder's satisfaction whether conditions for deductibility or other tax treatment of an item (such as taxpayer maintenance of books and records or substantiating documentation to support the reported deduction or tax treatment) has been met.

c. The CPA certificate holder who is required to sign the return shall consider information actually known to the CPA certificate holder from the tax return of another client when preparing a tax return if the information is relevant to that tax return, its consideration is necessary to properly prepare that tax return, and use of such information does not violate any law or rule relating to confidentiality.

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1
2 5. Use of estimates.

3
4 A CPA certificate holder may prepare tax returns involving the use of the taxpayer's
5 estimates if it is impracticable to obtain exact data and the estimated amounts are
6 reasonable under the facts and circumstances known to the CPA certificate holder and
7 so long as the presentation does not imply greater accuracy than exists.

8
9 6. Departure from a position previously concluded in an administrative proceeding or court
10 decision.

11
12 A CPA certificate holder shall base a recommendation of a position to be taken
13 concerning the tax treatment of an item in the preparation or signing of a tax return upon
14 the facts and the law as they are evaluated at the time the return is prepared or signed
15 by the CPA certificate holder.

16
17 7. Knowledge of error: return preparation.

18
19 a. A CPA certificate holder shall inform the client promptly upon becoming aware
20 of an error in a previously filed return or upon becoming aware of a client's failure to file
21 a required return and recommend the measures to be taken.

22
23 b. If the CPA certificate holder is requested to prepare the current year's return
24 and the client has not taken appropriate action to correct an error in a prior year's

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1 ~~return, the CPA certificate holder shall consider whether to withdraw from preparing a~~
2 ~~return and whether to continue a professional relationship with a client.~~

3
4 8. ~~Knowledge of error: administrative proceedings.~~

5
6 ~~When the CPA certificate holder is representing a client in an administrative proceeding~~
7 ~~with respect to a return which contains an error of which the CPA certificate holder is~~
8 ~~aware, the CPA certificate holder shall inform the client promptly upon becoming aware~~
9 ~~of the error, recommend the measures to be taken, and request the client's agreement to~~
10 ~~disclose the error to the tax authority. Lacking such agreement, the CPA certificate~~
11 ~~holder shall consider whether to withdraw from representing the client in the~~
12 ~~administrative proceeding and whether to continue in a professional relationship with the~~
13 ~~client.~~

14
15 9. ~~Form and content of advice to clients.~~

16
17 a. ~~In providing tax advice, the CPA certificate holder shall use judgment to ensure~~
18 ~~that the tax advice given to a client reflects professional competence and appropriately~~
19 ~~serves the client's needs.~~

20
21 b. ~~In advising or consulting with a client on tax matters, the CPA certificate holder~~
22 ~~shall assume that the advice or consultation provided a client on tax matters will affect~~
23 ~~the manner in which the matters or transactions considered ultimately will be reported~~
24 ~~on the client's tax returns.~~

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18 VAC 5-20-444. Standards of practice for CPA certificate holders providing consulting services.

A CPA certificate holder providing management consulting advisory services shall comply with the following standards of practice:

1. Client interest.

Serve the client interest by seeking to accomplish the objectives established by the understanding with the client while maintaining integrity and objectivity.

2. Understanding with client.

Establish with the client a written or oral understanding about the responsibilities of the parties and the nature, scope, and limitations of services to be performed, and modify the understanding if circumstances require a significant change during the engagement.

3. Communication with client.

Inform the client of (a) conflicts of interest that may occur pursuant to interpretations of the standards of conduct established in 18 VAC 5-20-441, (b) significant reservations concerning the scope of benefits of the engagement, and (c) significant engagement

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1 findings or events.

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PART VI**STANDARDS OF PRACTICE FOR FIRMS REQUIRED TO HOLD REGISTRATION****CERTIFICATES****18 VAC 5-20-445. Standards of practice for firms required to hold registration certificates.****A. Use of terms by firms.**

No firm having an office in Virginia shall use or assume the title or designation “certified public accountant,” “public accountant,” “CPA,” or any other title, designation, phrase, acronym, abbreviation, sign, card, or device tending to indicate that it is offering to practice or is practicing public accountancy, or using CPAs to provide tax compliance and advice services unless at least fifty-one percent of the owners currently hold a valid CPA certificate or CPA certificate by endorsement.

B. Management of offices.

Each firm’s office or offices located in Virginia that is offering services involving the practice of public accountancy shall be managed by a certified public accountant holding a valid CPA certificate.

C. Client’s records.

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1
2 ~~Upon request, a firm shall furnish to the firm's client or former client, within a reasonable~~
3 ~~time, any accounting or other record prepared by and belonging to the client, or~~
4 ~~obtained from or on behalf of the client, which the regulant or another member of his~~
5 ~~firm removed from the client or the client's premises, or had received for the client's~~
6 ~~account.~~

7
8 ~~D. Ownership of regulant's working papers and records.~~

9
10 ~~All working papers, including but not limited to statements, programs, records,~~
11 ~~schedules, and memoranda, prepared by the regulant incident to rendering services to a~~
12 ~~client are the property of the regulant's firm absent an express agreement between the~~
13 ~~firm and the client to the contrary. Such working papers shall not be sold, transferred,~~
14 ~~or bequeathed, to anyone other than a regulant without the consent of the client, except~~
15 ~~this rule shall not be construed to (i) affect in any way the regulant's obligation to comply~~
16 ~~with a validly issued and enforceable subpoena or summons, or to prohibit a regulant's~~
17 ~~compliance with applicable laws and government regulations, or (ii) prohibit a transfer to~~
18 ~~another firm licensed in Virginia in conjunction with a sale or merger of all or part of a~~
19 ~~member's practice so long as the regulant takes appropriate precautions (e.g., through a~~
20 ~~written confidentiality agreement) so that the purchaser or merging entity does not~~
21 ~~disclose any information obtained in the transaction. The purchaser or party to a merger~~
22 ~~shall not use to their advantage nor disclose any member's confidential client information~~
23 ~~that comes to their attention.~~

24

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E. Peer review.

In connection with a firm's initial or renewal registration, a firm practicing public accounting shall provide the board with evidence that it has undergone a peer review if required by 18 VAC 5-20-91.

E. Power of inspection.

The board and its duly authorized agents shall have the power to inspect the work product and all supporting working papers and records of all regulants in connection with an investigation or relating to compliance with statutes and regulations.

PART V VII.**CONTINUING PROFESSIONAL EDUCATION.****~~18 VAC 5-20-450. CPE requirements for license renewal.~~**

~~Effective January 1, 1992, all licensees shall be required to complete and maintain 120 credit hours of continuing professional education (CPE) during each reporting cycle. At a minimum, a licensee shall complete 20 CPE credit hours during each calendar year. Credits shall be reported to the board~~

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by January 31 of the year following the year in which credits were earned:

For each three-year reporting cycle, the licensee shall have completed a minimum of 16 credit hours in accounting and auditing and a minimum of 16 credit hours in taxation as defined by 18 VAC 5-20-490. The licensee shall not receive credit for more than 24 credit hours of personal development as defined by 18 VAC 5-20-490 during each reporting cycle. In order to receive CPE credit for a license renewal, all credit hours shall be from an approved sponsor as set forth in 18 VAC 5-20-480.

The board shall approve sponsors of CPE courses and not individual courses. A CPE course provided by an approved sponsor shall meet the CPE requirements set forth in the Rules and Regulations for Continuing Professional Education Sponsors and will be so designated. An investigation of an approved sponsor may be initiated based on a complaint or other information.

18 VAC 5-20-451. Continuing professional education requirements for CPA certificate holders.

A. CPE requirements for CPA certificate renewal.

1. As provided in § 54.1-2004 B of the Code of Virginia, any person referring to himself as a Certified Public Accountant or "CPA," including the use of the "CPA" title on individual business cards, letterhead and all other documents and devices except the CPA certificate, and who is performing or offering to perform any services involving accounting skills or auditing skills, issuing reports on financial advisory or consulting services, preparing tax returns, or furnishing advice on tax matters, for the public, shall

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1 ~~obtain 120 hours of continuing professional education during each three-year period~~
2 ~~with a minimum of 20 hours per year. The CPA certificate holder may choose the areas~~
3 ~~of study and courses. Any person covered by this provision who, prior to~~
4 ~~implementation of § 54.1-2004 B of the Code of Virginia, was not required to obtain~~
5 ~~continuing professional education, shall obtain at least 20 hours of continuing~~
6 ~~professional education in each of the calendar years 2000, 2001 and 2002 and meet the~~
7 ~~120 hour requirement for the three year period ending December 31, 2002~~

8
9 2. ~~As provided in § 54.1-2004 C of the Code of Virginia, effective July 1, 2002,~~
10 ~~any person referring to himself as a Certified Public Accountant or “CPA,” including the~~
11 ~~use of the “CPA” title on individual business cards, letterhead and all other documents~~
12 ~~and devices except the CPA certificate, and who is performing or offering to perform~~
13 ~~any services involving accounting skills or auditing skills, issuing reports on financial~~
14 ~~advisory or consulting services, preparing tax returns, or furnishing advice on tax~~
15 ~~matters, for an employer or other organization and not for the public, or who is~~
16 ~~employed as an educator in the field of accounting, shall meet the following CPE~~
17 ~~requirements as a condition of renewal of the person’s CPA certificate: (i) for the~~
18 ~~three-year reporting period beginning July 1, 2002, a minimum of 45 credit hours with a~~
19 ~~minimum of 10 hours per year, (ii) for the three-year reporting period beginning July 1,~~
20 ~~2005, a minimum of 90 credit hours with a minimum of 15 hours per year, and (iii) for~~
21 ~~the three-year reporting periods beginning on or after July 1, 2008, a minimum of 120~~
22 ~~credit hours with a minimum of 20 hours per year. The CPA certificate holder may~~
23 ~~choose the areas of study and courses.~~

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3. Individuals failing to meet the CPE requirements may be subject to re-qualification, including possible re-examination and submission of experience qualifications. The board may, at its discretion, waive or defer CPE requirements so long as such waiver or deferral is in the public interest.

B. Requirements for retaining records.

1. It is the responsibility of the CPA certificate holder to retain evidence of satisfactory completion of CPE credit hours for a period of three years from the anniversary date of renewal. Such documentation shall be in the form of the certificate of completion provided by the sponsor or verification from the institution offering the course.

2. The CPA certificate holder shall provide such documentation to the board or its authorized agent upon request.

C. Continuing professional education credit.

1. One credit hour shall be given for each 50-minute period of instruction.

2. A CPA certificate holder who instructs courses which qualify for CPE credit for participants will be awarded two additional hours of CPE for each credit hour of instruction. The instructor shall retain evidence to support the request for credit. The instructor shall be given no credit for subsequent sessions involving substantially

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1 ~~identical subject matter. The credit given for instructing shall not exceed 30 credit~~
2 ~~hours per CPE three-year period.~~

3 ~~3. CPE credit hours for successful completion of a self-study course shall be~~
4 ~~established by the sponsor according to the type of CPE self-study program and~~
5 ~~pre-tests to determine average completion time. Interactive self-study programs~~
6 ~~shall receive CPE credit equal to the average completion time. Noninteractive self-~~
7 ~~study programs shall receive CPE credit equal to one-half of the average~~
8 ~~completion time. For example, an interactive self-study program that takes an~~
9 ~~average of two contact hours to complete shall receive two CPE credit hours, and a~~
10 ~~noninteractive self-study program that takes an average of two contact hours to~~
11 ~~complete shall receive one CPE credit hour.~~

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14 ~~18 VAC 5-20-460. Requirements for retaining records.~~

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16 ~~It is the responsibility of the licensee to retain evidence of satisfactory completion of CPE credit~~
17 ~~hours for a period of five years. Such documentation shall be in the form of the certificate of completion~~
18 ~~provided by the approved sponsor or verification from the accredited institution offering the course. If~~
19 ~~upon request, the licensee cannot provide such documentation, the licensee shall be subject to a fine~~
20 ~~which shall not exceed \$1,000 in accordance with § 54.1-202 of the Code of Virginia.~~

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23 ~~18 VAC 5-20-470. Requirements for reporting credit hours.~~

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~~All CPE credit hours shall be reported to the board on a form provided by the board and subject to a possible audit. The date forms are received, not postmarked, by the board shall be the date used to determine compliance with the CPE reporting requirements.~~

~~Failure to complete or report CPE credit hours by January 31 of each succeeding year will result in the following late filing fees:~~

~~1. A \$25 late filing fee shall be required for all reporting forms received after January 31 but before June 1.~~

~~2. A \$50 late filing fee shall be required for all reporting forms received after May 31 but before August 1.~~

~~3. A \$75 late filing fee shall be required for all reporting forms when received after July 31. A license renewal shall be issued to the regulant upon receipt by the board of the late filing fee and evidence of compliance with 18 VAC 5-20-450.~~

~~4. CPE credit hours taken during the late filing period to meet the requirement of the previous year shall not be reported for any succeeding year.~~

~~5. Individuals failing to meet the CPE requirements may be subject to requalification including possible reexamination and submission of experience qualifications.~~

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~~6. The board may, at its discretion, waive or defer CPE requirements and late fees for licensees who suffer documented serious illness or injury, or who are prevented from meeting those requirements due to the obligation of military service or service in the Peace Corps, or for other good cause of similar magnitude approved by the board.~~

~~**18 VAC 5-20-480. Acceptable continuing professional education credit.**~~

~~The board shall recognize the following as acceptable CPE credit:~~

~~1. Courses from sponsors approved by the board in accordance with the board's Rules and Regulations for Continuing Professional Education Sponsors; or~~

~~2. Courses from sponsors of continuing professional education programs listed in good standing with the National Registry of CPE Sponsors maintained by the National Association of State Boards of Accountancy (NASBA); or~~

~~3. Courses from accredited institutions as defined by 18 VAC 5-20-10 of this chapter when offering college courses in the regular course curriculum. CPE credit for completing a college course in the college curriculum will be granted based on the number of credit hours the college grants for successful completion of the course. One semester hour of college credit is 15 CPE credit hours; on quarter hour of college credit is 10 CPE credit hours; or~~

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1 4. ~~Auditing of college courses from accredited institutions as defined by 18 VAC 5-20-~~
2 ~~10 of this chapter. Licensees auditing a college course shall be granted one CPE credit~~
3 ~~hour for each contact hour of courses within the fields of study outlined in 18 VAC 5-~~
4 ~~20-490 of this chapter. Attendance at two-thirds of scheduled sessions of audited~~
5 ~~courses shall be documented by the course instructor to receive CPE credit for the~~
6 ~~hours attended; or~~

7
8 5. ~~Service as a lecturer or instructor in courses which increase the licensee's~~
9 ~~professional competence and qualifies for CPE credit for participants as defined in 18~~
10 ~~VAC 5-20-480 and 18 VAC 5-20-490. One credit hour shall be given for each 50-~~
11 ~~minute period of instruction. For the instructor's preparation time, there will be awarded~~
12 ~~two additional hours of CPE for each credit hour of instruction. The instructor shall~~
13 ~~retain evidence to support the request for credit. The instructor~~
14 ~~shall be given no credit for subsequent sessions involving substantially identical subject~~
15 ~~matter. The maximum credit given for preparation as an instructor may not exceed 50%~~
16 ~~of the CPE credit hours reported each year with a maximum of 20 credit hours in any~~
17 ~~one reporting year; or~~

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19 6. ~~Successful completion of a self-study course offered by an approved sponsor. CPE~~
20 ~~credit hours will be established by the sponsor according to the type of CPE self-study~~
21 ~~program and pre-tests to determine average completion time. Interactive self-study~~
22 ~~programs shall receive CPE credit equal to the average completion time.~~
23 ~~Noninteractive self-study programs shall receive CPE credit equal to one-half of the~~
24 ~~average completion time. An interactive self-study program that takes an average of~~

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~~two contact hours to complete shall be recommended for two CPE credit hours. A noninteractive self-study program that takes an average of two contact hours to complete shall be recommended for one CPE credit hour.~~

~~**18 VAC 5-20-490. Acceptable CPE subject areas.**~~

~~All acceptable CPE shall be in subject areas within the following six fields of study:~~

~~1. Accounting and auditing which includes accounting and financial reporting subjects; the body of knowledge dealing with recent pronouncements of authoritative accounting principles issued by the standard-setting bodies, and any other related subject generally classified within the accounting discipline. It also includes auditing subjects related to the examination of financial statements, operations systems, and programs; the review of internal and management controls; and on the reporting on the results of audit findings, compilations, and review.~~

~~A minimum of 16 credit hours in accounting and auditing shall be completed in each three-year reporting cycle.~~

~~2. Advisory services which includes all advisory services provided by professional accountants -- management, business, personal, and other. It includes Management Advisory Services and Personal Financial Planning Services. This section also covers an organization's various systems, the services provided by consultant practitioners, and~~

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1 the engagement management techniques that are typically used. The systems include
2 those dealing with planning, organizing, and controlling any phase of individual financial
3 activity and business activity. Services provided encompass those for management,
4 such as designing, implementing, and evaluating operating systems for organization, as
5 well as business advisory services and personal financial planning.

6
7 3. Management which includes the management needs of individuals in public practice;
8 industry, and government. Some subjects concentrate on the practice management area
9 of the public practitioner such as organizational structures, marketing services, human
10 resource management, and administrative practices. For individuals in industry, there
11 are subjects dealing with the financial management of the organization, including
12 information systems, budgeting, and asset management, as well as items covering
13 management planning, buying and selling businesses, contracting for goods and services,
14 and foreign operations. For licensees in government, this curriculum embraces
15 budgeting, cost analysis, human resource management, and financial management in
16 federal, state and local governmental entities. In general, the emphasis in this field is on
17 the specific management needs of licensees and not on general management skills.

18
19 4. Personal development which includes such skills as communications, managing the
20 group process, and dealing effectively with others in interviewing, counseling, and career
21 planning. Public relations and professional ethics are also included.

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23 A maximum of 24 credit hours may be awarded in personal development in each
24 reporting cycle.

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2 5. ~~Specialized knowledge and application which includes subjects related to specialized~~
3 ~~industries, such as not-for-profit organizations, health care, oil and gas. An industry is~~
4 ~~defined as specialized if it is unusual in its form of organization, economic structure,~~
5 ~~source(s) of financing, legislation or regulatory requirements, marketing or distribution,~~
6 ~~terminology, technology, and either employs unique accounting principles and practices,~~
7 ~~encounters unique tax problems, requires unique advisory services, or faces unique audit~~
8 ~~issues.~~

9
10 6. ~~Taxation which includes subjects dealing with tax compliance and tax planning.~~
11 ~~Compliance covers tax return preparation and review and IRS examinations, ruling~~
12 ~~requests, and protests. Tax planning focuses on applying tax rules to prospective~~
13 ~~transactions and understanding the tax implications of unusual or complex transactions.~~
14 ~~Recognizing alternative tax treatments and advising the client on tax saving opportunities~~
15 ~~are also part of tax planning.~~

16
17 ~~A minimum of 16 credit hours in taxation shall be completed in each three-year~~
18 ~~reporting cycle.~~

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21 ~~18 VAC 5-20-500. NASBA approved sponsors.~~

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23 ~~A. The board shall annually review the NASBA Registry's Standards for Approval.~~
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1 ~~B. A NASBA approved sponsor removed from the Registry for failure to comply with~~
2 ~~NASBA standards will no longer qualify as a Virginia approved sponsor. In such cases, the sponsor~~
3 ~~may apply to the board for approval as a Virginia approved sponsor.~~

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10 I certify that this regulation is full, true, and correctly dated.

11
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13 David E. Dick
14 Assistant Director
15 Department of Professional and Occupational Regulation
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